

NSC BRIEFING

20 October 1959

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COMMUNIST CHINA

- I. The Chinese Communists continue to insist on correctness of their domestic programs. (Khrushchev refused to endorse programs during visit.)
 - A. Chinese indicating they will retreat no further on communes.
 1. Communal messhalls, one of features Peiping had been deemphasizing, now being revived.
 2. On doctrinal front, Number Two Communist Liu Shao-chi wrote article for Bloc theoretical journal defending communes and proudly suggesting other countries might well learn from China.
 - B. Regime still gives label of "leap forward" to its sharply reduced economic targets.
 1. In industry some of momentum lost over last spring and summer appears to have been regained.
 2. Damaging drought has put new agricultural targets out of reach, although Peiping will probably claim success.
 3. To counteract drop in peasant morale, regime is raising prices it pays for certain foodstuffs and allowing peasants to buy and sell any surpluses in own village markets.
 - C. It's fairly clear that Chinese Communists have been divided among themselves on wisdom of Peiping's economic programs.

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1. Warning in People's Daily to "high-ranking functionaries" against sin of "individualism" suggests dissension reached into top levels of hierarchy.
 2. Former Defense Minister Peng Te-huai and his ex-chief of staff appear particularly vulnerable. They didn't appear at 10th anniversary celebrations, nor have they been seen since.
 3. Nature of charges suggested in recent statements by new Defense Minister Lin Piao. Lin criticized officers who opposed party leadership of armed forces and objected to use of troops in "leap forward" and commune programs.
- II. On international front, Chinese apparently still have reservations about Khrushchev tactics toward US, but their protestations of Sino-Soviet solidarity are fervent and frequent.
- A. Chinese hostility toward US contrasts with more moderate Soviet line. Under-Secretary Dillon's 7 October speech drew charges of "unbridled aggression against China" from Peiping press.
 - B. On border disputes, China is trying to mollify neighbors.
 1. Chinese are making no real concessions with respect to McMahon Line but have expressed willingness to negotiate with India and Nepal.
 2. Reuters reports Chinese evacuation of Longju. Nehru had made withdrawal from this post precondition for negotiations.

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- C. Chinese put bad foot forward in allowing Syrian Communist leader Bakdash to attack Nasir during National Day celebrations. Chinese press has replied briefly to Egyptian press invective. Chi-
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- D. "Liberate Taiwan" propaganda is getting no special play.
1. Current military activity in Strait is routine.
- E. Chinese propaganda on Laos has also dropped off sharply in recent weeks.
- F. In summary, Peiping has not moved to upset Khrushchev's apple cart.
1. But Chinese have served notice they expect to be heard on world--not merely Far Eastern--problems.
 2. In Chou En-lai's words (his People's Daily article, 6 October), Communist China has "right to have its say on all major international questions which concern its interests and the interests of world peace."

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